

Timeshare Consumer Association: How PPI refund claims paved the way for the current timeshare compensation payouts

PPI mis-selling became notorious as the largest financial scandal in UK history

LONDON, UNITED KINGDOM, December 9, 2020 /EINPresswire.com/ -- Decade of horror PPI mis-selling led to creation of long overdue regulation and framework of safety for future buyers.

The resulting paradigm shift was to empower the "David" consumer in challenging unfair practices from "Goliath" corporations. The consequences would reach far beyond the banking business.



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For a decade, banks sold PPI aggressively, unchecked and too much eventual criticism. The policies were hugely profitable, but the complaints grew. PPI was sold as protection against financial hardship, but was actually shown to be:

- Too expensive. It added a totally unjustifiable 20% - 50% to the cost of the loan
- Ineffective. It was structured to minimise the possibility of payouts when they were most needed
- Mis-sold. Customers were told it was obligatory, or it was added to the cost without the customer's knowledge. Sometimes it was sold to people who were not qualified to ever claim
- Inefficient. Claimants faced lengthy delays, and/or unfathomable procedures. The FSA stated in 2005 that they were going to fix the problem and began imposing fines a year later.

By 2009 they had banned "single premium" PPI, arguably the most sinister version, added to a mortgage at commencement (vastly inflating house costs). Doug Taylor from Which Magazine wrote that "We've always known that people were being mis-sold PPI, but we were still amazed to discover the scale of it. It appears that salespeople are chasing their commissions, their bosses are chasing profits - where's the sense of responsibility to the customer?"

"Then began the battle for compensation," explains Andrew Cooper, the CEO of European Consumer Claims (ECC). "The banks fought tooth and nail with many of them rejecting almost all initial claims. Customers refused to accept this and those who subsequently took their case to the ombudsman had a 75% victory rate. An incredibly high percentage of wins considering the high quality, almost unlimited legal resources the world's biggest banks have at their disposal." For people without the time or patience to fight their own case, a new industry sprung up with law firms helping to guide claims successfully through the courts. "The door was well and truly open," continues Cooper. "If giant banks could be held to account for their unfair practices (£39 billion paid out in claims as of April 2020 and showing no signs of abating) then so could anybody else."

After the banks were made to pay compensation for their misdeeds, badly treated consumers set their sights on timeshare companies.

High pressure sales, irrepressible touts dogging the steps of vacationers and gangsters laundering their ill-gotten gains through luxury development sales on the Spanish Costas. Buoyed by the success of the PPI claimants, victims began to look for ways of seeking redress from the timeshare business over nearly two decades of illegal selling.

RCI taken to task

Resort Condominiums International is the major exchange company for timeshare owners wanting to stay at a different location to where they own.

In the years following the PPI victories, a coalition called the RCI Action Group discovered that RCI was taking weeks that timeshare members owned and selling them off to package tour companies. People complained, but RCI didn't listen. A class action was organised bringing together thousands of timeshare owners to sue RCI, and the judge finally agreed that RCI had abused their position by using weeks they had no right to.

Unfortunately, RCI's top tier legal team managed to avoid paying compensation based on a technicality, but a blow had been struck and RCI was forced to change their behaviour. New protective legislation tested from 1999 onwards, a series of protective legal measures were enacted to curb the excesses of the timeshare industry. Most of the sales operations saw these measures as impossible obstacles to doing business.

Most timeshare companies carried on selling the same way they always had. The mis-sold consumers were out of their depth; frustrated by red tape and legal complexity, usually in a foreign country. Encouraged by the PPI victories and success against RCI, a company worth hundreds of millions of pounds, law firms sprung up to help victims navigate the claim process and overcome red tape complications that the timeshare giants believed would protect them.

So far hundreds of millions of pounds have been awarded to mis-sold timeshare owners, and indications are that many times that figure is currently being sought. Sales of new memberships

have collapsed, and this has left a big hole in the balance sheets of the few companies still in business. The resorts have reacted by forcing members to continue paying memberships. The same legal firms are also challenging these contracts and helping members escape the burden of costly annual membership. The banks once again find themselves in a position where possibly poor decisions have left them vulnerable to consumer claims.

Just recently several banks have also had action taken against them for their involvement in providing onsite loans with timeshare companies, for example the widely reported Barclay's Partner Finance case where they facilitated loans for customers of disgraced Maltese timeshare company Azure Resorts LTD. A note of caution "As with any new development in the timeshare industry, for every firm acting with integrity there are dozens that are fraudsters with intentions to only steal more money from victims," advises Jayne Niven, a timeshare contracts expert with ECC. "Yes, generally an unhappy owner can usually be assisted with relinquishing their timeshare. Yes, in many cases compensation can be claimed against timeshare companies (particularly - but not limited to- when the member bought after 1999). However, working out who to trust in assisting you with this process can be very difficult.

If you have any doubts or want to check the pedigree of a timeshare law firm, there are organisations like the Timeshare Consumer Association who can be contacted for expert, impartial advice." ECC provides timeshare claims services, advice and help. E: info@ecc-eu.com

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